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**HOMCO INDUSTRIES LTD.**  
2536 Highway 97 North, Kelowna,  
British Columbia, V1X 4J5

## QUARTERLY REPORT

To the Shareholders

For the three months ended

March 31, 1975

To:

Mr. Ian Carman  
Business & Finance Editor  
The Globe & Mail  
140 King Street West  
TORONTO, Ontario

First Class Mail







# HOMCO INDUSTRIES LTD.

## Head Office:

2576 Highway 97 North  
Kelowna, B.C.

## Factories:

Pembroke, Ontario  
Estevan, Saskatchewan  
Kelowna, British Columbia  
Camrose, Alberta

## Western Retail Division:

Commonwealth Mobile Homes  
Riverside Mobile Homes  
Duncan Mobile Homes Sales  
Lakewood Trailer Sales

## Eastern Retail Division:

Les Maisons Mobiles Diplomates

## REPORT FROM THE PRESIDENT:

The results for our first quarter of 1975 were most disappointing.

The first quarter proved to be a continuation of the depressed market that existed during the last quarter of 1974, and as a result we recorded a net loss of \$568,219, compared to a net profit of \$106,363, in the first quarter of 1974. We had anticipated we would be in a loss position for the first quarter, but as our projected sales did not materialize the actual loss was greatly in excess of what we had envisioned.

The industry sales across Canada were for the most part very slow as reflected in the shipments for the first quarter compared to the first quarter of 1974. Many problems that plagued the mobile home industry in Canada during the last half of 1974 were brought forward into the first part of this year and these problems have required some time to be resolved. During the first quarter of 1975 excessive inventories existed in most areas of Canada with production capacity running well ahead of industry sales. Homco shipments at the factory level were 183 for the first quarter of 1975 compared to 376 for 1974, which is a decrease of approximately 50%. Total sales were \$3,018,710 compared to \$5,091,006 for the comparable period of 1974. These factors combined with the increased operating expenses incurred during the period contributed to the loss experienced.

There has been some easing of raw material prices in that increases were not as severe as those experienced in the past year. The Company has not increased its prices since August 1974, and an increase will be effective in June, 1975.

The Camrose, Alberta plant is nearing completion. We have an experienced management staff at this facility and it is expected that the plant will commence operation in late June of 1975.

## CONSOLIDATED SALES & EARNINGS

Three months ended March 31

	1975	1974
Sales	\$ 3,018,710	\$5,091,006
Earnings (loss) Before Tax	\$(1,017,535)	\$ 181,343
Earnings (loss) After Tax	\$ (568,219)	\$ 106,363
Earnings (loss) Per Share	(67.59¢)	12.65¢
Outstanding Shares	840,600	840,600

At the present time, it appears that the mobile home market in general has done a complete turn-around. Homco shipments during the second quarter should equal or surpass the second quarter of 1974. At present, all of the three existing Homco plants are operating with a good backlog of orders, and it would appear that all three will be operating at near capacity for the next several months.

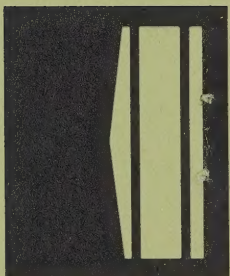
The Retail division has shown marketing strength since late March. We are hopeful this marketing strength will continue. We have added three retail lots in the Province of Quebec which are company owned and operated. We have opened one new retail lot in Southern British Columbia and will be adding another in late June. This will bring to 23 the number of retail outlets owned and operated by the Company, and it is expected that our Retail Division will show a profit for the year.

It will be difficult to make up the losses experienced in the first quarter; however, at the present time, the mobile home market in general appears to be more buoyant than at any time since May of 1974 and with a continuation of this trend we are optimistic for the prospects of the balance of this year.

CARL D. JOHNSON,  
President

Kelowna, B.C.





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**HOMCO INDUSTRIES LTD.**

2576 Highway 97 North, Kelowna,  
British Columbia, V1X 4J5

## INTERIM REPORT

To the Shareholders

For the six months ended

June 30, 1975

To:

Mr. Ian Carman  
Business & Finance Editor  
The Globe & Mail  
140 King Street West  
TORONTO, Ontario



First Class Mail

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## PRESIDENT'S MESSAGE

The second quarter of 1975 has proved to be a turning point in the mobile home industry has been striving for in its efforts to move into a stronger market environment following a year of reduced sales and profits. Homco, during the second quarter, experienced a notable increase in sales and profits over the immediately preceding three quarters and we feel confident that your company is in a healthy position to increase sales and profits in order to make 1975 a year of successful recovery.

Sales for the second quarter ended June 30, 1975 were \$8,272,000, compared to \$8,729,000 for the same period a year ago. Net earnings for the second quarter of 1975 equalled \$142,000 compared with \$342,000 a year earlier. It should be noted that the second quarter of 1975 includes a net loss of approximately \$67,000 on the discontinued operation: of a cabinet manufacturing operation which was purchased in mid-1974. The decision to terminate this operation was a result of the slump in the housing market in British Columbia.

Sales for the six months ended June 30, 1975 were \$11,219,000, compared to \$13,820,000 for the same period a year ago. Loss for the six months ending June 30, 1975 was \$425,000 compared to earnings of \$448,000 for the six month period ended June 30, 1974.

# HOMCO INDUSTRIES LTD.

(unaudited)

## CONSOLIDATED SALES AND EARNINGS

	Three Months Ended		Six Months Ended	
	June 30 1975	June 30 1974	June 30 1975	June 30 1974
Net Sales	\$8,272,000	\$8,729,000	\$11,219,000	\$13,820,000
Operating Income (Loss) Before Income Tax and Discontinued Operation	367,000	582,000	(617,000)	763,000
Income Tax (Recovery)	158,000	240,000	(277,000)	315,000
Net Income (Loss) on Continuing Operations	209,000	342,000	(340,000)	448,000
Loss on Discontinued Operation, Net of Tax	(67,000)	-	(85,000)	-
Net Income (Loss)	\$ 142,000	\$ 342,000	\$ (425,000)	\$ 448,000
Per Share Data:				
Continuing Operations	\$0.25	\$0.41	\$(0.40)	\$0.53
Discontinued Operation	(0.08)	-	(0.10)	-
Net Income (Loss) Per Share	\$0.17	\$0.41	\$(0.50)	\$0.53
Outstanding Shares	840,600	840,600	840,600	840,600

Our next quarter will have the full benefit of a sales price increase which was effective in late June 1975 and the fact that our factories have large back-logs of orders on hand enhances the opportunity for a good quarter for sales and earnings.

Our retail organization experienced a profitable second quarter and the prospects for the third quarter are good, apart from isolated areas affected by unfavourable economic conditions. Our Camrose, Alberta manufacturing plant is now in operation and we have opened a retail lot in Camrose, Alberta bringing the number of company owned and operated retail establishments to 23.

In our endeavour to improve the company's overall performance and financial position we are negotiating for additional long term funds and we are optimistic that we will have the long term funds committed by the end of the third quarter.

The market for mobile homes continues to be strong in most areas of Canada as it is a major source of affordable housing in Canada today. Homco is confident it will obtain its share of the affordable housing market and increase its earnings over those experienced during the last year.

Kelowna, B.C.

Carl D. Johnson,  
President

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(unaudited)

### WORKING CAPITAL USED:

	Six Months Ended	
	June 30 1975	June 30 1974
Net Loss	\$ 425,000	\$ -
Add: Non-Cash Items, net	60,000	-
Working Capital Used by Operations	485,000	317,000
Net Additions to Fixed Assets Increase in Deferred Charges and Other Assets	100,000	74,000
Long Term Debt Reduction, net	8,000	64,000
Other	\$1,454,000	\$ 595,000

### WORKING CAPITAL PROVIDED:

	Six Months Ended	
	June 30 1975	June 30 1974
Net Earnings	\$ -	\$ 448,000
Add: Non-Cash Items	-	211,000
Working Capital Derived from Operations	83,000	659,000
Federal Government Grants Agreement for Sale	383,000	170,000
Long Term Debt, net	\$ 466,000	\$1,274,000
Increase (Decrease) in Working Capital	\$ (988,000)	\$ 679,000



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for the nine months ended  
September 30th, 1975

To The Shareholders

INTERIM REPORT

First Class Mail



**HOMCO INDUSTRIES LTD.**

2576 Highway 97 North, Kelowna,  
British Columbia, V1X 4J5

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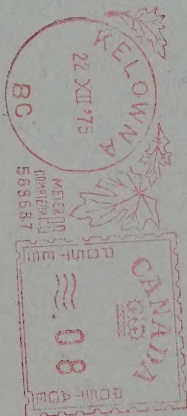
**HOMCO INDUSTRIES LTD.**

Manufacturers and Retailers of Quality Mobile Homes

\* AMBASSADOR \* DIPLOMAT \* STATESMAN \* EMBASSY \* COLONY \* BERKSHIRE \*

To:

Mr. Ian Carman  
Business & Finance Editor  
The Globe & Mail  
140 King Street West  
TORONTO, Ontario





**HOMCO INDUSTRIES LTD.**  
**CONSOLIDATED SALES AND EARNINGS**  
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30
	<u>1975</u>	<u>1974</u>	<u>1975</u>
NET SALES	\$10,287,000	\$6,205,000	\$21,506,000
Operating Income (Loss) Before Tax & Discontinued Operation	670,000	(37,000)	53,000
Income Tax (Recovery)	299,000	(16,000)	22,000
Net Income (Loss) on Continuing Operations	371,000	(21,000)	31,000
Loss on Discontinued Operation, Net of Tax	-	-	(85,000)
NET INCOME (LOSS)	\$ 371,000	\$ (21,000)	\$ (54,000)
Earnings (Loss) Per Share	\$0.44	\$(0.02)	\$(0.06)
Outstanding Shares	840,600	840,600	840,600

**PRESIDENT'S MESSAGE**

I am pleased to report that Homco Industries Ltd. has just completed the most successful quarter ever in terms of sales and earnings.

The third quarter ended September 30, 1975 results were: sales of \$10,287,000, compared to \$6,205,000 for the corresponding period a year ago. Earning were \$371,000 compared to a loss of \$21,000 for the same period in 1974.

Nine month's results for the period ended September 30, 1975 were: sales of \$21,506,000 compared to \$19,903,000 for the comparable period a year ago and a loss of \$54,000 compared to a profit of \$425,000 for the same period a year ago.

Homco is encouraged by the continuation of the turnaround situation which began in May, 1975 after approximately one year of depressed sales and correspondingly reduced earnings. Our factories, on a combined basis, operated profitably during the quarter, while our retail

operations (24 company-owned outlets throughout Canada) continued to operate profitably. We are still encountering unfavourable economic conditions in British Columbia and Eastern Canada (notably Quebec) relating to our retail operations. In spite of these circumstances Homco's share of the total market has increased over previous years based on the latest industry statistics.

We now have a commitment for substantial long-term funding which we envision being in place in early 1976. The additional funds will enhance Homco's current position as well as providing a strong basis for future planning.

I am optimistic that Homco's fourth quarter will be profitable and the year ended December 30, 1975 will result in a profit for the year. I would like to thank the shareholders for being patient during these past nine months and thank those employees who have contributed to our latest success.

Carl D. Johnson  
President